

Ann Arbor City Council Regular Session: September 16, 2013
Email Redactions List Pursuant to Council Resolution R-09-386

	A	B	C	D	E	F	G
	<u>Received</u>						
1	<u>Sent Time</u>	<u>Time</u>	<u>TO</u>	<u>From</u>	<u>CC</u>	<u>Redactions</u>	<u>Reason for Redaction</u>
2	8:22PM		Chuck Warpehoski	Dave Askins			
3	8:23PM		All City Council	Jaqueline Beaudry	Stephen Postem, Anissa Bowden		
4	9:32PM		All City Council	Christopher Taylor			
5	9:33PM		Ryan Stanton, Dave Askins	Sabra Briere			
6	9:34PM		Jaqueline Beaudry	Christopher Taylor			
7	10:19PM		Jaqueline Beaudry	Sally Peterson			

Alexa, Jennifer

From: Petersen, Sally
Sent: Monday, September 16, 2013 10:19 PM
To: Beaudry, Jacqueline
Subject: FW: Questions about divestment

From: Petersen, Sally
Sent: Friday, September 13, 2013 2:56 PM
To: Walker, Nancy
Cc: (BrockHastie@risadvisory.com); Alexa Nerdrum (Alexa.Nerdrum@towerswatson.com); Rogers, Brian; Clark, Terry; Crawford, Tom; Flack, Jeremy; 'Mark Heusel'; Monroe, David; Powers, Steve
Subject: RE: Questions about divestment

Thank you Nancy for your thorough response and your voicemail. I plan to digest the information below (in manageable chunks!!) over the course of the weekend, but taking a quick glance it does appear that a decision to take energy companies out of the index funds would incur significant costs to the pension fund. Again, thanks for your timely and thorough response! Sally

From: Walker, Nancy
Sent: Friday, September 13, 2013 2:06 PM
To: Petersen, Sally
Cc: (BrockHastie@risadvisory.com); Alexa Nerdrum (Alexa.Nerdrum@towerswatson.com); Rogers, Brian; Clark, Terry; Crawford, Tom; Flack, Jeremy; Mark Heusel; Monroe, David; Powers, Steve
Subject: RE: Questions about divestment

Good after noon Ms. Petersen,

I can give you some preliminary written comments based on discussions with our consultant and trustees, although these are estimates.

The system currently has \$430 million in the Retirement plan and about \$106 million in the VEBA (Retiree Health Care benefits plan). Much of the equity and fixed income portion of that money is invested in index funds that are low cost i.e. have an annual fee that is 2, 3, 5 or 6 basis points of the assets under management. Not sure if you are familiar with the jargon but 1% is 100 basis points. So for example, we have about \$114 million in a Northern Trust fund large cap equity fund and the annual cost of investing that money is a blended rate of 3 basis points for assets up to \$50 million and 2 basis points for any amounts over \$50 million, which results in a fee of about \$30,000 annually. One fixed income investment is about \$30 million and the fee is 6 basis points for an annual fee of about \$14,000. The system uses index funds for a number of investment sectors where it is believed the market is efficient and it doesn't pay to hire active managers, who have higher costs.

About 50% of the system is invested in index funds as above, and a considerable amount of the balance in commingled funds. If you need the exact breakdown I can supply it. The system does not hold any individual stocks. Although Mike Shriberg has stated that we should ask our index fund managers to take the 200 fossil fuel companies recommended for divestiture out of our index funds, as a practical matter it is highly unlikely that any index fund manager will do this, and the commingled funds would have to be transitioned to separate accounts. The annual cost of a separately managed fund can be 30 to 100 basis points, or even more.

So that could mean that if we have to reinvest 50% of the fund it could increase the costs by as much as 30 to 40 basis points. We run the entire fund now for about 40-42 basis points. That could mean a likely increase of several hundred thousand, possibly quite a bit more, in increased fee costs annually, depending on the fees that we can find

in the market for funds that exclude the 200 companies. That cost may come down as the market evolves if some large providers began to offer these types of investments. There would be transaction costs associated with selling out of funds and purchasing new assets, but that is hard to quantify at this point.

Increased costs could increase required contributions.

Our investment consultant did a quick market test and was told the major index fund providers do not offer funds screened to exclude fossil fuels, nor has there been much market interest. There are some socially responsible funds available but they do sometimes come at a higher cost. Such as strategy would have to be researched. Vanguard, which is widely acknowledged as the low cost provider in the mutual fund industry, does offer a socially responsible equity fund, but the cost is 29 basis points. Not clear what we could get as an institution.

Possible investment earnings reductions from excluding fossil fuels are an additional consideration. Our investment consultant could not really quantify that risk well on short notice, since there is a scarcity of these instruments available. However, I am also attaching a paper that the system received from a University of Michigan professor that discusses **return of the energy sector vs. the S&P 500 in recent periods. In many years, but not all, the energy sector outperformed, sometimes by more than 20%.** The author also shares many of the concerns that our trustees voiced about a divestiture strategy.

In the early 2000's the VEBA was requested to engage in socially responsible investing. That strategy was reviewed and changed in the 2004-5 time frame, as the consultant at that time stated that over a period of 4 or 5 years, the opportunity cost was 5%, or about \$1,000,000.

Another consideration which I haven't mentioned is liquidity. Index funds typically have money available on a days notice. Many separately managed accounts do not offer quite that much funds' availability.

I hope this information is helpful to you, and not too long winded. If you have any further questions or would like to discuss at more length, please let me know. The trustees are anxious to improve communication with Council, and extend an invitation to any council members to attend meetings or to schedule a separate information session if desired.

Regards,

Nancy Walker

Nancy Walker | Executive Director | City of Ann Arbor Employees' Retirement System
532 S. Maple Rd., Ann Arbor, MI 48103

Phone: (734) 794-6711, ext. 47112

Fax: (734) 994-9205

NWalker@a2gov.org



CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and

attachments.
Thank you.

From: Petersen, Sally
Sent: Friday, September 13, 2013 12:26 PM
To: Walker, Nancy
Subject: Questions about divestment

Hello Ms. Walker,

My name is Sally Hart Petersen and I am one of the Ward 2 City Council Members. You mentioned at our last City Council Meeting that there would be transactional costs to the Pension related to the divestment of stock from fossil fuel companies. Can you give me an idea of the significance of the costs; for example, the percentage of fees charges or other related costs based upon the value of the stock or other parameters?

I have heard through the grapevine that a Council Member may bring this back for a re-vote on Monday night. Please feel free to reach me on my cell as well: [REDACTED]

Many thanks,

Sally Hart Petersen

Alexa, Jennifer

From: Taylor, Christopher (Council)
Sent: Monday, September 16, 2013 9:34 PM
To: Beaudry, Jacqueline
Subject: FW: Proposed Amendment

From: Taylor, Christopher (Council)
Sent: Monday, September 16, 2013 9:32 PM
To: *City Council Members (All)
Subject: Proposed Amendment

RESOLVED, That the City Council acknowledges that compliance, if any, with the requests above must be consistent with the Retirement Board's fiduciary duties; and

Alexa, Jennifer

From: Briere, Sabra
Sent: Monday, September 16, 2013 9:33 PM
To: Ryan Stanton; Askins, Dave
Subject: Fwd: Proposed Amendment

Sabra Briere

First Ward City Council

Ann Arbor

734-995-3518

734-277-6578 (cell)

Sent from my iPad

Begin forwarded message:

From: "Taylor, Christopher \((Council\)" <CTaylor@a2gov.org>
Date: September 16, 2013, 9:31:40 PM EDT
To: "*City Council Members \((All\)" <CityCouncilMembersAll@a2gov.org>
Subject: **Proposed Amendment**

RESOLVED, That the City Council acknowledges that compliance, if any, with the requests above must be consistent with the Retirement Board's fiduciary duties; and

Alexa, Jennifer

From: Taylor, Christopher (Council)
Sent: Monday, September 16, 2013 9:32 PM
To: *City Council Members (All)
Subject: Proposed Amendment

RESOLVED, That the City Council acknowledges that compliance, if any, with the requests above must be consistent with the Retirement Board's fiduciary duties; and

Alexa, Jennifer

From: Beaudry, Jacqueline
Sent: Monday, September 16, 2013 8:23 PM
To: *City Council Members (All)
Cc: Bowden (King), Anissa; Postema, Stephen
Subject: FW: Handouts for the 4 pm meeting
Attachments: Near Term DDA Projects 2013.docx; DDA Cap Estimates.committee.xlsx

Jacqueline Beaudry, City Clerk

City Clerk's Office | Guy C. Larcom City Hall | 301 E. Huron, 2nd Floor · Ann Arbor · MI · 48104
734.794.6140 (O) · 734.994.8296 (F) |
jbeaudry@a2gov.org | www.a2gov.org



Think Green! Please don't print this e-mail unless absolutely necessary.

From: Powers, Steve
Sent: Monday, September 16, 2013 8:23 PM
To: Beaudry, Jacqueline
Subject: FW: Handouts for the 4 pm meeting

From: Powers, Steve
Sent: Tuesday, September 10, 2013 2:02 PM
To: Higgins, Sara
Cc: Pollay, Susan; Crawford, Tom
Subject: Handouts for the 4 pm meeting

Ann Arbor Downtown Development Authority Five Year Project Plan

Our Vision For Downtown

A walkable, vibrant, authentic, attractive, historic, inclusive, growing, diverse, multi-season downtown, full of lots of things to do, teaming with downtown residents and healthy locally-owned unique businesses, the community's job and commercial center, a place of shared prosperity, and nationally known as a center for innovation and entrepreneurship.

The Ann Arbor DDA's Mission

DDA's mission is to undertake public improvements that have the greatest impact in strengthening the downtown area and attracting new private investment.

The Strategies Used by the Ann Arbor DDA to Accomplish its Mission

Identity (showcase, enhance that which is special about our downtown), Infrastructure (including construction and repair), Transportation (of all types), Business Encouragement, Housing (full spectrum for people at all income levels), Development Partnerships (including Brownfield grants, energy grants, sidewalks), Community Services (including supporting the City, County, Library, WCC, Federal Government, Schools, and nonprofit agencies), and Sustainability (environmental, financial, social).

Near Term Projects (2013-2018). Project budgets are estimated and will be refined as more information becomes clear. The DDA will determine project timing and funding source (TIF (003) or Parking (063) accounts).

Streetscapes: projects designed to enhance downtown's sense of place, enhance walkability, encourage commercial & residential vibrancy, encourage activities and events, encourage private reinvestment. The DDA's Street Framework Plan will provide overarching direction.

South University. Design & install, including: remove tree planters to gain back more active sidewalk space by creating planter spaces under the sidewalk, replacing pavers with concrete to address maintenance. S. U. has gained many hundreds of new residents, and this work will help to free up valuable sidewalk space for pedestrians and cafes while at the same time reincorporating trees into the streetscape in below sidewalk planters. This would also address sidewalk paver and drainage problems. E. U. to Washtenaw. An opportunity to work with City staff, e.g. storm system. Estimated project budget \$2.5-\$3M.



William Street. Design & install, including adjusting curb line to accommodate bike lanes (City non-motorized Plan) & sidewalk width to encourage sidewalk activity and to support future residences and others uses along this street. 1st to State Street. Undertaking the streetscape improvements will provide an opportunity to upsize the sanitary main under William Street. Estimated project budget \$5M.



Huron Street. Refine the Albert Kahn design & install. The design would add a great amount of tree planters & lighting with large banners to create vertical elements between pedestrians & traffic, and may include pedestrian islands, all with the goal of making Huron Street more pedestrian-friendly. This project would also communicate the sense of community pride missing from the current streetscape. Project would involve coordination with MDOT as well as City staff. 3rd to State Street. Estimated project budget \$5M.



N. Fifth Ave. Review the Beckett & Raeder design & install, including brick street replacement, add new pedestrian lighting if allowed under City light moratorium. Kingsley to Ann, including Detroit Street between Catherine & Kingsley. The brick streets on Detroit Street are in the CIP for 2018 at an estimated cost of \$2M. This will involve coordination with the Historic District Commission in addition to City staff. The brick streets on Fifth are in the CIP for 2014 at an estimated cost of \$1M. Total estimated project budget \$5M.



S. Main Street, east sidewalk (install improvements to match what will be going onto the west sidewalk from 618 S. Main Street project to Ashley Mews. Mosley to Packard St). Estimated project budget \$500,000-\$850,000.

Sidewalk Maintenance: enhance downtown attractiveness, enhance walkability, encourage active sidewalk uses including cafes, reflect sense of pride in downtown.

Annual sidewalk maintenance. Address missing/sunken bricks, repair tree pits, smooth uneven sidewalk edges, bike hoop removals/installations/repairs, prune trees, and replace missing trees. Separate from City sidewalk millage work. Estimated annual cost \$50,000-\$75,000.



Wayfinding updates. Including map and text changes, reinstall signs where they've been run into by vehicles, and move signs that interfere with sidewalk use. Estimated cost \$50,000.



E. Liberty Street tree pit expansion. Trees continue to die due to lack of water in tiny (3' X 3') tree pits. Expand 10 tree pits to allow more storm water by removing concrete and relaying the brick. This could help to simultaneously meet city stormwater and urban forestry goals. Estimated cost \$75,000.



Traffic signal box wraps. The signal boxes are a graffiti target because they provide a large “canvas” at nearly every intersection, but the boxes beautified by artists a few years ago were left untouched for years. A pilot project with the Arts Alliance would use vinyl wraps with artwork designs to cover downtown boxes with the goal of discouraging graffiti in the right of way and adding to the pedestrian experience. Estimated cost \$50,000.



Infrastructure. Strategic projects to encourage downtown development readiness, and improve quality of City & DDA service delivery.

4th & William elevators. Current elevators are exasperatingly slow in a 50+ year old structure with nearly 1,000 parking spaces. New elevators would support Main St area vitality and make the City’s William Street properties more attractive to development. Estimated cost \$2.5M.

E. William sanitary. Called out in Connecting William Street plan, the main needs to be upsized given increased demands along William Street, plus it would help increase the value of the City properties along E. William. William Street between Main and Fifth. Estimated cost \$250,000.

Bell Tower alley. Nearly entirely privately-owned except City-owned trash compactor, needs to be regraded and repaired to enable the area to be cleaned, improve traffic/parking, and more. Great location for storm water infiltration. Highly requested by City. Would require the DDA to acquire property owner agreements to install improvements. Estimated cost \$250,000.

W. Huron alley repair and improvements. Adjacent property owners have petitioned the DDA for its help repairing this alley, including recurrent storm water problems, broken pavement, and very poor lighting. Behind Ann Arbor School of Yoga building. Estimated cost \$300,000.

Additional epark machines. Responds to requests from Kerrytown area and more. Enables patrons to use coins or credit card or pay-by-cell phone. Estimated cost \$850,000.

Transportation. Multiple attractive transportation options maximizes the numbers and kinds of people who can visit, shop, live, work, and play downtown. It also helps alleviate traffic congestion, and helps the community strive toward its sustainability goals.

Restore the LINK. An extension of the walking experience, a downtown circulator connects the outer reaches of downtown, encourages park-once behavior, and mitigates the impact of unpleasant weather. AATA has a downtown circulator in its strategic plan; DDA could provide the necessary funding. Estimated cost \$100,000-\$250,000/year.

Add electric vehicle charging units. 18 EV units were installed in 2012, and already demand exceeds supply in some locations. Cost would include conduit and enhanced electric where necessary to support these units in the structures and lots. Estimated cost \$100,000.



Express bus. Continue to explore with AATA the value of express commuter bus service into downtown as a way of making transit a more attractive alternative for downtown workers. E.g. would there be value to subsidizing an express commuter bus between Ypsi and Ann Arbor to encourage more downtown workers to use transit. Estimated cost \$50,000-\$100,000/year.

Bike House #2. The 37-bike Maynard structure bike house proved popular, and using the getDowntown program as our partner and the knowledge and information gained from Bike House #1, a similar facility could be installed in another structure. This investment in another step in meeting our community non-motorized goals, including a higher Bike Friendly ranking. Estimated cost \$30,000 plus the use of two parking spaces.



In-street bike racks. Fabricate additional racks for use during warm weather months to help free up sidewalk space while meeting non-motorized goals. Estimated cost \$4,000/each.



Crosswalk repairs. In between the years when downtown streets are resurfaced, the crosswalks can become rutted and potholed. An annual project could be undertaken to do a strip repair in the crosswalk area of downtown streets with the goal of improving walkability. City staff have raised this as a primary infrastructure issue as well, this would allow us to address safety, maintenance, and aesthetic concerns. Estimated cost is \$15,000 per intersection, and we could strive to repair 2 per year for a cost of \$30,000/year.



Pilot Ypsi/Ann Arbor passenger rail project. Passenger rail would enhance the transportation connections between Ypsilanti and Ann Arbor, and a pilot project could be developed in a partnership between MDOT, AATA, City, DDA, and others using existing railroad cars and lines. Estimated cost for initial study \$50,000.

Business Encouragement. Many businesses that add character to downtown are locally owned independents that offer unique, one-of-a-kind goods and services, and their success is linked with the identity of downtown and its perceived strength as a commercial district. Downtown also provides a showcase for Ann Arbor's emerging brand as a center for entrepreneurship, innovation, and the new economy.

4th & William. Build out first floor space along 4th Avenue and William Street. In addition to providing an opportunity for incubator space, it will help activate sidewalks. Approximately 2,000SF could be created for use by retail or tech entrepreneurs. Estimated cost \$600,000.



Business Improvement Zones. Support BIZ creation and expansion of existing BIZ where feasible and supported by property owners. Estimated cost \$50,000/each.

Feasibility study. SPARK's Strategic Plan includes a work plan item to examine the feasibility of adding additional lodging and conferencing facilities in Ann Arbor, with a particular focus on downtown. Provide a grant to SPARK with the goal of generating objective data. Estimated cost \$50,000.

Marketing. Create and implement a marketing campaign for downtown to emphasize downtown's attractiveness as a shopping district and to highlight downtown retail, in collaboration with downtown associations and A2CVB. Estimated cost \$50,000-\$75,000/year.

Housing. Encouraging a full spectrum of affordability and types of housing supports the unique diversity of uses in downtown. It will also help meet the growing demand by many to live downtown.

Workforce housing. Grants to encourage the creation of housing affordable to individuals and families earning at or under 60% AMI (individual earning approx \$30,000/year). Grant program to be determined.

Downtown Parks Downtown parks provide opportunities for community members to **gather or find respite, and provide opportunities for enjoyable activities including produce and plant purchases at the Farmers Market, concert series in Liberty Plaza, drum circles at Sculpture Plaza.**

Liberty Plaza Park. The PROS Plan anticipates repairs in 2014 at an estimated cost of \$175,000. The DDA provided 80% of the funding for the Park repairs earlier this decade, and could partner once again with the Parks Dept in this upcoming set of repairs.



Farmers Market Winter Enclosure Study. The PROS Plan anticipates a study in FY 2018 and FY 2019 to examine the feasibility of enclosing the existing roof structure with a removable roof to extend the amount of activities and make conditions more comfortable for patrons and vendors during cold months. Estimated cost \$90,000. The DDA is a potential partner.



Community Services. The DDA works to maintain the downtown's role as a center for **public, educational, community and government services.** These include the **University of Michigan, City of Ann Arbor, Washtenaw County, Ann Arbor District Library, federal government, Ann Arbor Public Schools, museums, arts and entertainment venues, and a wide variety of nonprofit human service organizations, social services, and business services providers.** The DDA has and will continue to work with and support other **public and non-profit institutions in maintaining a strong downtown presence.**

County Annex lobby improvements. Washtenaw County will make significant modifications to its Annex building on N. 4th Avenue, in particular a new lobby and client interaction space that will enable clients to wait indoors for appointments and maneuver within the facility for multiple support options rather than waiting outside on the steps to the building. The cost for this improvement project is approximately \$1 million, and the DDA has been asked to provide \$300,000 toward the total project cost.



City Hall environmental controls upgrade. An equipment upgrade is in the City CIP for FY 2016/17 at an estimated cost of \$90,000. Given the DDA's focus on improving downtown building sustainability the DDA could partner in this project.

S. State St road resurfacing and sidewalk expansion. State, between Washington and S. U. The project is in the City CIP for FY 2013/14 at a cost of \$675,000. (UM may be a potential financial partner as they have property on both sides of the street). The DDA received a request from the State Street Area Association to expand the sidewalks in the State Street commercial area. In addition to assisting with the road resurfacing, if supported by the findings of the Street Framework Plan in 2014 the DDA could design and install expanded sidewalks at the same time as the street resurfacing project to encourage additional café seating and sidewalk activities. Estimated cost for sidewalk redesign, engineering, and construction is \$750,000 including relocating storm inlets, street lights, and other infrastructure.



S. Division resurfacing. Madison to Huron. William to Huron portion is in the DDA District. There is much UM street frontage including ISR, new parking structure, and future new dorm. Project is in the CIP. Also, opportunity to repair broken sidewalks, replace missing trees. Estimated project cost is \$1.2M and the DDA could participate in some portion of this.



Liberty resurfacing. First Street to Main. Project is in the CIP for FY 2014. Estimated cost \$320,000. It is also an opportunity to run conduit, repair sidewalks. Residents at Liberty Lofts have asked for a traffic review to ensure pedestrian safety at the Liberty/First intersection. The DDA could participate in some portion of this work.



W. Washington resurfacing. First to Fourth. With the 1st & Washington City Apartments construction concluding in 2013 this would be an opportunity to repair the street while attending to things like extending the pedestrian-scale lights down the hill and adding GFI's for holiday lights. The resurfacing project is in the CIP for 2014 and the estimated cost is \$362,000. If there is support to remove the existing cobra head lights and add pedestrian-scale lights this element would be approx \$80,000 including conduit and GFIs.



Alternatives for Language for DDA TIF Cap

- 1 The maximum captured taxable value shall be fixed at a base value of \$137,000,000 (FY13) for tax year 2013. Each tax year thereafter, the maximum captured taxable value shall be increased by (CPI, 3%, 5%, 10%) per annum.

DDA TIF Capture Cap					
Fiscal Yr	CPI	3%	5%	10%	
2013	\$ 3.767	\$ 3.767	\$ 3.767	\$ 3.767	Actual
2014	tbd	\$ 3.880	\$ 3.955	\$ 4.144	
2015	tbd	\$ 3.996	\$ 4.153	\$ 4.558	
2016	tbd	\$ 4.116	\$ 4.361	\$ 5.014	
2017	tbd	\$ 4.240	\$ 4.579	\$ 5.515	
2018	tbd	\$ 4.367	\$ 4.808	\$ 6.067	
2019	tbd	\$ 4.498	\$ 5.048	\$ 6.673	
2020	tbd	\$ 4.633	\$ 5.301	\$ 7.341	
2021	tbd	\$ 4.772	\$ 5.566	\$ 8.075	
2022	tbd	\$ 4.915	\$ 5.844	\$ 8.882	
2023	tbd	\$ 5.063	\$ 6.136	\$ 9.771	

LOGIC: Tie cap to existing tax capture with a growth rate.

- 2 The maximum captured taxable value shall be fixed at a base value of \$167,000,000 for tax year 2014. Each tax year thereafter, the maximum captured taxable value shall be increased by (CPI, 3%, 5%) per annum.

DDA TIF Capture Cap					
Fiscal Yr	CPI	3%	5%	10%	
2013	\$ 3.767	\$ 3.767	\$ 3.767	\$ 3.767	Actual
2014	\$ 4.500	\$ 4.500	\$ 4.500	\$ 4.500	
2015	tbd	\$ 4.635	\$ 4.725	\$ 4.950	
2016	tbd	\$ 4.774	\$ 4.961	\$ 5.445	
2017	tbd	\$ 4.917	\$ 5.209	\$ 5.990	
2018	tbd	\$ 5.065	\$ 5.470	\$ 6.588	
2019	tbd	\$ 5.217	\$ 5.743	\$ 7.247	
2020	tbd	\$ 5.373	\$ 6.030	\$ 7.972	
2021	tbd	\$ 5.534	\$ 6.332	\$ 8.769	
2022	tbd	\$ 5.700	\$ 6.649	\$ 9.646	
2023	tbd	\$ 5.871	\$ 6.981	\$ 10.611	

LOGIC: Establish cap at a level which is adjusted upwards from FY2013 to account for approx. \$0.7 mil increase to permit funding of planned projects.

Notes: Parking debt will be responsibility of Parking Fund.

Taxable value changes have ranged from 23.11% increase in FY 2009 to to 5.58% decrease in FY 2011.

Alexa, Jennifer

From: Askins, Dave [dave.askins@annarborchronicle.com]
Sent: Monday, September 16, 2013 8:22 PM
To: Warpehoski, Chuck
Subject: link to working document

<http://annarborchronicle.com/wp-content/uploads/2013/09/TIF-Cap-Capture-Schedule1.pdf>

--

Dave Askins
Editor, The Ann Arbor Chronicle
734.645.2633
www.annarborchronicle.com
Member of the Michigan Press Association

Proposed language

Beginning in tax year 2013 the maximum captured value shall be \$____,000,000.

For each tax year thereafter, the maximum captured tax value shall be increased by __%.

Alternatives for Language for DDA TIF Cap

- 1 The maximum captured taxable value shall be fixed at a base value of \$137,000,000 (FY13) for tax year 2013. Each tax year thereafter, the maximum captured taxable value shall be increased by (CPI, 3%, 5%, 10%) per annum.

DDA TIF Capture Cap					
<u>Fiscal Yr</u>	<u>CPI</u>	<u>3%</u>	<u>5%</u>	<u>10%</u>	
2013	\$ 3.767	\$ 3.767	\$ 3.767	\$ 3.767	<i>Actual</i>
2014	tbd	\$ 3.880	\$ 3.955	\$ 4.144	
2015	tbd	\$ 3.996	\$ 4.153	\$ 4.558	
2016	tbd	\$ 4.116	\$ 4.361	\$ 5.014	
2017	tbd	\$ 4.240	\$ 4.579	\$ 5.515	
2018	tbd	\$ 4.367	\$ 4.808	\$ 6.067	
2019	tbd	\$ 4.498	\$ 5.048	\$ 6.673	
2020	tbd	\$ 4.633	\$ 5.301	\$ 7.341	
2021	tbd	\$ 4.772	\$ 5.566	\$ 8.075	
2022	tbd	\$ 4.915	\$ 5.844	\$ 8.882	
2023	tbd	\$ 5.063	\$ 6.136	\$ 9.771	

LOGIC: Tie cap to existing tax capture with a growth rate.

- 2 The maximum captured taxable value shall be fixed at a base value of \$167,000,000 for tax year 2014. Each tax year thereafter, the maximum captured taxable value shall be increased by (CPI, 3%, 5%) per annum.

DDA TIF Capture Cap					
<u>Fiscal Yr</u>	<u>CPI</u>	<u>3%</u>	<u>5%</u>	<u>10%</u>	
2013	\$ 3.767	\$ 3.767	\$ 3.767	\$ 3.767	<i>Actual</i>
2014	\$ 4.500	\$ 4.500	\$ 4.500	\$ 4.500	
2015	tbd	\$ 4.635	\$ 4.725	\$ 4.950	
2016	tbd	\$ 4.774	\$ 4.961	\$ 5.445	
2017	tbd	\$ 4.917	\$ 5.209	\$ 5.990	
2018	tbd	\$ 5.065	\$ 5.470	\$ 6.588	
2019	tbd	\$ 5.217	\$ 5.743	\$ 7.247	
2020	tbd	\$ 5.373	\$ 6.030	\$ 7.972	
2021	tbd	\$ 5.534	\$ 6.332	\$ 8.769	
2022	tbd	\$ 5.700	\$ 6.649	\$ 9.646	
2023	tbd	\$ 5.871	\$ 6.981	\$ 10.611	

LOGIC: Establish cap at a level which is adjusted upwards from FY2013 to account for approx.